

Economic Situation in the United Kingdom & ROI

MAA Report 2026 - practicalities for cross border trade

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Headlines

What you need to know about the UK in May 2026

+0.5%

GDP growth

3 month rolling, Feb 2026

3.3%

CPI inflation

March 2026, up from 3.0%

3.75%

Bank Rate

Held since April 2026

€1.155

GBP/EUR

Early May 2026



Commercial Agents Regulations 1993: retained in force.

UK government confirmed (13 Feb 2025) the Regulations remain unchanged. UK agency law continues to align with the EU framework.

UK macro at a glance

Growth fragile, inflation reaccelerating, sterling weaker

Growth

+0.5%

Three months to Feb 2026

- Services +0.5% | Production +1.2% | Construction -2.0%
- 2026 forecasts: Treasury 0.6% | OECD 0.7% | OBR 1.1%
- UK still 5.3% above pre-pandemic Q4 2019 vs Eurozone +6.7%

Inflation & rates

3.3%

CPI March 2026

- Up from 3.0% Feb 2026; core 3.1%; services 4.5%
- Driver: Iran conflict (since 28 Feb) — petrol +8.6 p/litre Feb→Mar
- Bank Rate held at 3.75% (29 April 2026, 8-1 vote)

Sterling

€1.155

GBP/EUR early May 2026

- 2026 average 1.151; range 1.140 – 1.160
- Down from Feb 2025 peak of 1.21
- Practical: UK exports cheaper for European principals than 12 months ago

UK - EU Trade

Still the largest UK trading relationship: 41% of exports, 51% of imports (2024)



Trade flows

£358bn

UK exports to EU (2024)

41% of all UK exports

£454bn

UK imports from EU (2024)

51% of all UK imports

£89bn

UK trade deficit with EU (2025)

vs £50bn surplus with non-EU

Pre- vs post-Brexit

Goods exports to EU:

Still 18% below 2019 (real terms)

Services exports to EU:

+19% above 2019 - thriving

Top EU trading partners:

Germany · Netherlands · France · Ireland · Belgium

***Note:** UK joined CPTPP (Dec 2024); UK-US Economic Prosperity Deal signed May 2025.*

Cross border goods: the practicalities

What your members need in place to trade UK ↔ EU



Customs essentials

EORI number

Required both sides. UK exporter: GB EORI; EU importer: own member-state EORI.

Statement on origin

TCA = zero tariff IF rules of origin are met. UK exporters use EORI on origin statement at any value. EU exporters: under €6,000 self-declare; €6,000+ must use REX number.

Bilateral cumulation

EU & UK origin materials count as originating for the other side. Simplifies compliance.

Record keeping

Importer must retain origin proof for 3 years post-import.

Where does this leave the commercial agent?

Customs is principal/importer territory, not the agent's. But the agent is the relationship and manufacturers increasingly expect agents to know what the principal needs.

Practical asks of an agent:

- Confirm principal has GB / EU EORI and uses it on statements of origin
- Flag rules of origin risk on products with significant non-UK/EU content
- Help end customer understand who pays customs duty if origin fails
- Push principals to keep their VAT and origin records straight (3 years)

Ireland: the special case

MAA covers UK + Republic of Ireland - different jurisdictions, different rules

Northern Ireland

Part of UK - but in EU single market for goods

Windsor Framework fully effective from 1 May 2025.

GB → NI movements:

- UK Internal Market Lane for goods staying in NI (UKIMS registration)
- Red Lane for goods at risk of moving to EU (full customs)
- "Not for EU" labels on certain agri-food

NI ↔ EU:

Treated as intra-EU for goods. No customs.

Commercial Agents Regs:

Apply (Great Britain rules cover NI for agency law).

Republic of Ireland

EU member state - full single market access

GB ↔ ROI:

Full UK–EU TCA rules apply. EORI both sides. Customs declarations. Rules of origin for tariff-free.

ICS2 Safety & Security declarations required for goods entering ROI/NI from outside the EU since 1 Jan 2026.

ROI ↔ NI:

No hard border. Free movement of goods on the island of Ireland.

Commercial Agents Regs:

EU Directive 86/653/EEC applies via Irish implementing legislation.

VAT on cross-border agent commissions

B2B services: the rule is simpler than it looks



The rule (B2B intermediary services)

Place of supply

= where the customer (the principal) is established.

Reverse charge mechanism

Agent invoices without VAT. Principal self-accounts for VAT in their own country.

Evidence to keep

Principal's VAT registration number (verify EU numbers via VIES).

In practice

EU agent → UK principal

Agent issues commission invoice without EU VAT.
UK principal self accounts at UK rate (20%) under reverse charge:
Box 1 + Box 4 of UK VAT return → net nil if full recovery.

UK agent → EU principal

Agent issues commission invoice without UK VAT (outside scope).
EU principal self accounts at their domestic rate under reverse charge.

Commercial Agents Regulations 1993: retained without amendment

UK Government decision | 13 February 2025

Background

Conservative government opened consultation May 2024 on potential deregulation post Brexit. 86 responses received, polarised: agents broadly to retain, principals broadly to remove.

Decision

Labour government confirmed 13 Feb 2025: no deregulation, no amendment. CARs remain in force in Great Britain for all qualifying agency relationships.

Implications

UK agency law substantively continues to align with the EU Directive 86/653/EEC framework. European principals contracting UK agents see no material change.

Important nuances: Northern Ireland follows GB regime for agency law. Republic of Ireland: EU Directive applies via national law. SaaS / software-as-a-service agreements NOT covered (Kompaktwerk v LivePerson [2024] EWHC 2278).

What this means for your us

Practical guidance for cross border trade - Agent and Principals

EU agent → UK principal

- ✓ Confirm UK principal has GB EORI
- ✓ Check rules of origin for tariff-free TCA treatment
- ✓ Invoice commission without EU VAT (reverse charge)
- ✓ Keep UK principal's VAT number on file (evidence)
- ✓ Commission Agents Regs 1993 protect the agent
- ✓ Sterling weakness improves principal's EU competitiveness

Watch: SaaS deals fall outside CARs (Kompaktwerk).

UK / IE agent → EU principal

- ✓ Confirm EU principal has EORI in their member state
- ✓ Get principal's REX number for EU origin statements >€6,000
- ✓ Invoice commission without UK VAT (reverse charge)
- ✓ Keep EU VAT number, verify on VIES
- ✓ Irish agent: EU Directive applies via national law
- ✓ Sterling weakness raises landed cost of EU principal's goods

Watch: ICS2 Safety & Security declarations into ROI/NI live since 1 Jan 2026.

What to watch

Risks and opportunities for cross border trade - Agents and Principals



Risks

- Iran conflict energy effects feeding through to UK input costs
- Rules-of-origin failures = 0% becomes MFN tariff: avoidable cost
- Windsor Framework political settlement still under independent review
- Double-taxation risk on services subject to use-and-enjoyment rules
- SaaS / digital services not covered by CARs — contract carefully



Opportunities

- Commercial Agents Regs retained — stable platform for UK agency
- Sterling weaker than 12 months ago — UK exports more competitive in EUR
- Manufacturing growth: motor vehicles +17.5%, transport equipment +8.1%
- New trade deals: UK–US (May 2025), CPTPP membership (Dec 2024)
- Windsor Framework UKIMS now mature — predictable GB↔NI movements

Thank you.

Questions?

Matthew Tickle

Secretary General, MAA | See you in London, 6–8 May 2027